

# Cross Timbers Business Report

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*Articles by Members of Delta Mu Delta, William L. Beaty and Elizabeth Cowles, Editors*

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## *First Quarter Output Growth Rebounds*

By Visente Arreola Jr.

Economic conditions took a turn for the better in the first quarter of 2006, according to the most recent output report from the Department of Commerce. Real Gross Domestic Product (GDP), which measures all goods and services produced in the economy rose by 4.8 percent; this change is partly due to increased consumer spending, which rose from .9 percent growth in the fourth quarter of last year to 5.5 percent increase in the first quarter of 2006. In last year's final quarter, GDP was at one of its lowest points – an anemic 1.7 percent growth rate.

One of the main reasons GDP recovered was due to durable goods purchased by consumers – this figure increased by 20.6 percent over the previous period. This figure marked a nice turnaround when compared to the 4<sup>th</sup> quarter of 2005 when this volatile spending category decreased by 16.6 percent.

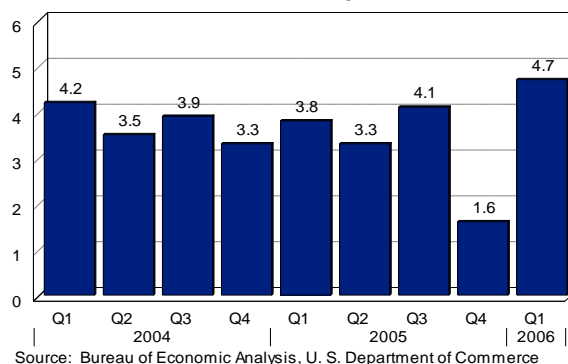
Investment saw an increase of 6.5 percent, partly due to businesses spending on structures which rose by 8.6 percent; equipment and software increased by 16.4 percent, and residential investment rose by 2.6 percent.

Once again the United States imported more than it exported. Exports increased by 12.1 percent, but imports increased by 13.0 percent.

Government spending added more fuel to output expansion last quarter. Federal government expenditures rose by 10.8 percent, but state and local outlays were flat.

### Changes in Real GDP

Annual Percentage Rates



The Department of Commerce collects and reports national output data on a quarterly basis. This preliminary report will be revised twice before being posted as a final estimate.

*Visente Arreola Jr. is a senior majoring in accounting at Tarleton State University*

## **Consumer Prices Move Moderately Higher in Early 2006**

By Christine Kramer

In the last quarter of 2005, the nation experienced a decline in its inflation rate, due to a 24.6 percent decrease in transportation prices. But in the first quarter of 2006, inflation has made a comeback.

The Labor Department reported the nation's inflation rate, as measured by the consumer price index (CPI) averaged 3.4 percent in the first three months of 2006. This value is significantly above the 0.4 percent rate noted in the last quarter of 2005 but is identical to last year's overall inflation rate.

Not surprisingly, much of last quarter's price rise is attributable to higher gasoline costs, which rose at an annual rate of more than 40 percent.

With the use of the Bureau of Labor Statistics Consumer Price Index calculator, \$1,000 of real income in 2005 had the same buying power as \$1,023.04 today. Quoting from the Bureau of Labor Statistics, "The CPI inflation calculator uses the average Consumer Price Index for a given calendar year. This data represents changes in prices of all goods and services purchased for consumption by urban households. This index value has been calcu-

lated every year since 1913. For the current year, the latest monthly index value is used.”

The Consumer Price Index is published monthly by the Bureau of Labor Statistics. The CPI is the most often cited economic inflation measure.

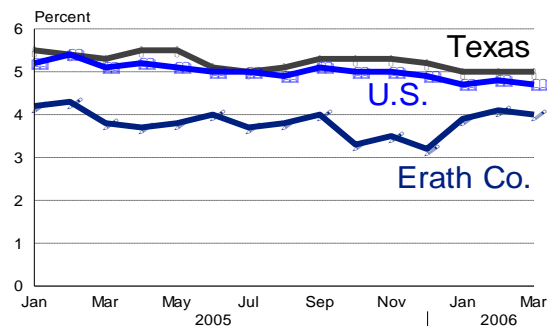
*Christine Kramer is a senior human resource management major at Tarleton State University*

## Unemployment Improves in First Quarter

By Mary Sheehan

Unemployment rates improved from last year for the United States, Texas, and the Cross Timbers area, according to data released by the U.S. Bureau of Labor Statistics and the Texas Workforce Commission.

### UNEMPLOYMENT RATES



Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission

The jobless rate for the United States decreased from 5.2 percent in January 2005 to 4.7 percent in January of this year. February showed a slight increase to 4.8 percent, but this is an improvement from the spike of 5.4 percent the previous February. Following last year's trend, the rate dropped back down to 4.7 percent in March 2006 as compared to 5.1 percent in March 2005. Since December 2005, U.S. employers have created an average of 197,000 new jobs per month.

For Texas, unemployment held steadily at 5.0 percent in the first three months of this year. Last year, Texas' jobless rate was at 5.5 percent, 5.4 percent, and 5.3 percent in January, February, and March. During March 2006 Texas created 23,200 new jobs in non-agricultural positions.

In the Cross Timbers area, Hamilton County's unemployment rate spiked from 3.7 percent in December to 4.9 percent in January, and then eased to 4.7 and 4.6 percent in February and March. The average of these values is somewhat higher than the 4.5 percent rate reported during 2005 first three months.

The unemployment rate in Eastland County jumped from 4.1 percent in December to 5.1 percent in January, and then declined to 4.8 percent in March.

Last quarter's average rate of 4.9 percent marks a slight improvement from the previous year's average 5.2 percent rate for the January through March period.

The unemployment rate in Bosque County also decreased from last year. January and February of this year both had a rate of 4.8 percent, a decrease from last year's 5.5 percent in January and 5.4 percent in February. The rate fell to 4.7 percent in March 2006, which is also down from last year's 4.9 percent.

Comanche County's jobless rate moved from 4.8 percent in January to 4.9 percent in February to 4.6 percent in March. The average of these values is slightly below the 4.9 percent average posted in the same three months of last year.

In Erath County, the unemployment rate jumped from 3.9 percent in January to 4.1 percent in February then eased to 4.0 percent in March. The average jobless rate of 4.0 percent for the first three months of 2006 lies slightly below the 4.1 percent figure reported for the same period in 2005.

Unemployment data for the United States and Texas are collected and reported by the U.S. Bureau of Labor Statistics, while county jobless statistics are reported by the Texas Workforce Commission. National and state data are adjusted for normal seasonal fluctuations, while county-wide values remain unadjusted.

*Mary Sheehan is a junior accounting major at Tarleton State University*

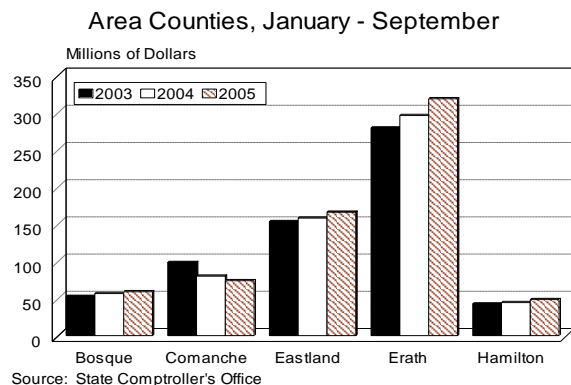
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## Retail Sales Move Higher

By Trevin Vaughn

Retail sales for the third quarter of 2005 show continued growth for the Cross Timbers area. This five-county region received a 4.9 percent increase in cumulative sales between 2004 and 2005. Retail sales for the Cross Timber's area have been on the rise for years, with the exception of Comanche County, which continues to report declining revenues.

### RETAIL SALES



Cumulative 2005 retail sales for Comanche County have been on the decline since 2003. From 2004 to 2005 January-September sales dropped by 7.6 percent which translates into over six million dollars in lost sales revenues. Between 2003 and 2005, retail sales fell by 24.9 percent.

In contrast to Comanche, both Bosque and Eastland Counties reported another year of sustained cumulative growth. Over the past year, both counties have been following a moderate growth level. These two counties experienced similar growth rates of 4.4 percent for Bosque and 5.0 percent for Eastland. The increase in retail sales for these two counties is equivalent to over ten million dollars in added revenues.

While Bosque and Eastland continue to grow moderately, Erath and Hamilton counties have shown very strong growth. For the first nine months of 2005, retail sales increased by a healthy 7.6 percent for Erath and 9.1 percent for Hamilton County. The combined growth for these two counties totals in at over twenty-two million dollars. The percentage changes for these two counties between 2003 and 2005 were 14.1 percent for Erath and 13.8 percent for Hamilton.

Retail sales data are reported on a quarterly basis by the Texas State Comptroller. Five to six months typically elapse between the end of a period and the release of its sales statistics.

*Trevin Vaughn is a senior majoring in economics at Tarleton State University*

## Issuance of New Home Building Permits Steady

By Elizabeth Cowles

Building permit values for the first three months of 2006 were down slightly for the same period last year. In March of 2006 there were 25 permits issued, which totaled \$1.8 million. This figure shows a decrease of \$411,456 from March of 2005 where there were 33 permits issued totaling approximately \$2.3 million. Permit values for the first three months of this year totaled \$3.4 million. This value is almost identical to the figure reported for the same period last year.

New single and double family homes accounted for 25 percent of all building permits issued during the first three months of 2006, totaling roughly \$1.7 million. During the months of February and March 2006 there were three large nonresidential building permits issued. These permits were issued to University Plaza

Phase II, HEB Car Wash and to BGI Properties and account for about 44 percent of the total building permit value for this period.

According to the City of Stephenville website, any change being made to a property requires a building permit. In the event that a permit is not issued, later appraisals of that property could be costly to the owner. According to this source, "If you decide to sell a home or building that has had modifications without a permit, you may be required to tear down the addition, leave it unoccupied or do costly repairs."

*Elizabeth Cowles is a senior majoring in sociology at Tarleton State University.*

# Population Rebounds in Cross Timbers Area

By Lindsay Morrison

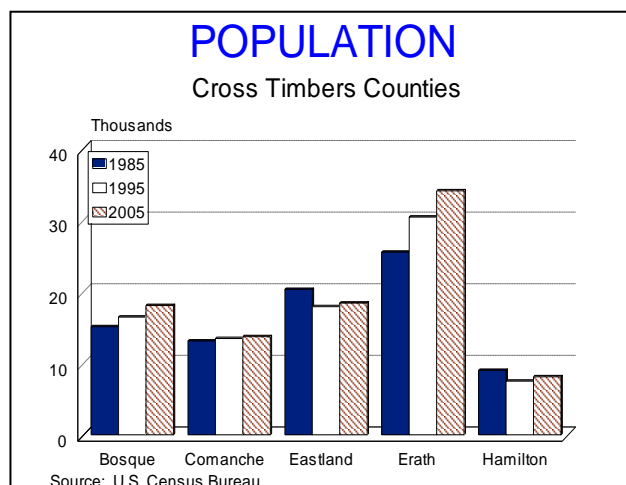
The 2005 population estimates for the five counties of Cross Timbers area have been reported by The U.S. Census Bureau. All five counties have seen increases in the past ten years, but the data show losses in two counties when compared to twenty years ago.

Erath County has seen steady growth between 1985 and 2005, largely due to the growth of Tarleton State University. The county's population estimate for 2005 was 34,076, a 12.0 percent expansion from 1995, and a 33.6 percent growth from 1985.

Bosque County has also reported steady growth over the past twenty years. In 2005, the county reported a population of 18,053. This statistic rose 9.8 percent from 1995, and 19.6 percent from 1985.

Comanche County has reported little growth over the past twenty years. The 2005 population estimate is 13,709, which represents only a 2.0 percent growth from ten years ago, and just a 4.6 percent growth from twenty years earlier.

Eastland County showed a population of 18,393 for 2005. Although this figure represents a growth of 2.8 percent from 1995, it shows a loss of 9.4 percent when compared to 1985.



Hamilton County's 2005 population estimate of 8,105 reveals a growth rate of 8.2 percent from 1995 but represents a 9.9 percent loss from twenty years earlier.

*Lindsay Morrison is a Graduate Student pursuing a MS in Management at Tarleton State University*

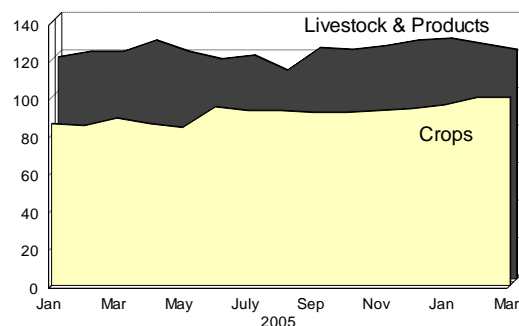
# Agricultural Prices Mixed

By Jackie Woods

According to the information from the Texas Agricultural Statistics Service crop prices have slowly increased while livestock and product revenues, following a steep increase in September 2005, are falling again.

## INDEX NUMBERS OF PRICES

Received by Texas Farmers and Ranchers (1990-1992=100)



From March 2005 to March 2006, beef cattle prices decreased from \$92.30 to \$90.00 per hundredweight. Over the same span, milk also decreased from \$15.70 to \$13.80 per hundredweight.

According to the Index Numbers of Prices Received by Texas Farmers and Ranchers, aggregate farm product prices showed a 4.5 percent increase between March 2005 and March 2006. This value reflects a 12 percent increase in crop prices, and a 1 percent advance in revenues for livestock and products.

The index of prices received for all farmers in the United States declined by 5.0 percent between March 2005 and March 2006. Over the same period, the index of prices paid rose by 3.6 percent. As a result of these trends, the purchasing power index of U.S. agricultural products deteriorated from 85.6 percent of the 1990-1992 average in March 2005 to 78.5 percent this March.

*Jackie Woods is a senior marketing major at Tarleton State University.*